

**DISABILITY COMMISSION
MEETING AGENDA
JUNE 16, 2004 / 2:00 TO 4:30 P.M.
HOUSE ROOM D, GENERAL ASSEMBLY BUILDING, RICHMOND, VA**

2:00 Welcome and Remarks from Chairman
Lieutenant Governor Tim Kaine

2:05 Review of 2004 Legislative Actions
Group Discussion

2:30 Review of the Commission's Support of U.S. Supreme Court decision in the case of State of Tennessee v. George Lane and implications for Virginians with disabilities
Lieutenant Governor Tim Kaine

2:45 Update from Commission's Housing Work group
Denise Goode, Chair
Section 8-voucher user

- FY 2005 proposed cuts in the Section 8 Voucher program and its replacement with HUD's proposed Flexible Voucher program:
 - Potential negative impacts for Virginians w/ disabilities
 - Draft letter from Commission to the Congressional Delegation expressing concerns (See Appendix 1: Decision Brief, draft letter, and background information)
- Other administrative housing actions

3:15 Update on VA Medicaid Buy In Program

- *Employer involvement: Lt. Gov. Kaine and Commissioner Katherine McCary, BLN*
- *Waiver application/other updates: Jack Quigley, DMAS MIG Manager & Joe Ashley, DRS*

3:30 Specialized Transportation Issues

- *Extending GRTC to Dept. for the Blind and Vision Impaired (DBVI): James McDonald, Commissioner and Joseph Bowman, DBVI Commissioner*
- *Interagency Transportation Council report and update of federal "United We Ride" initiative: Neal Sherman*

3:45 Public Comment

4:15 Recommendations for 2004-05-work plan prioritization
Group Discussion

4:30 Adjourn

Appendix 1

Decision Brief on Letter to Congressional Delegation regarding Elimination of Section 8 Program

Issue

In the FY 2004 budget document, Congress expressed serious concerns “over spiraling increase in the cost of providing assistance under the Section 8 voucher program.” In response, the Administration’s FY 2005 budget proposal for the U.S. HUD calls for deep cuts in the Section 8 Housing Choice Voucher program, which will likely impact the Commonwealth’s planning regarding services for people with disabilities and Olmstead compliance. The Administration has proposed eliminating the Section 8 program and replacing it with a new **Flexible Voucher Program**, expected to increase efficiencies by providing for block grants to public housing agencies (both local and state administrators of the voucher program). This proposed program would provide much more flexibility to Public Housing Authorities (PHAs) to implement the program; however, it would cut the federal financial commitment and eliminate key regulations. The Administration maintains that the flexibility afforded by the block grant approach will help absorb the \$1 billion budget cut.

Background

The current Section 8 program helps very low-income households including people with disabilities to obtain housing in the community. The program works by providing monthly rental assistance payments to private landlords on behalf of the participants, whose share of rent is limited to 30–40 percent of their monthly income. The program is the federal government’s largest housing assistance program and the only major HUD program still targeted to assist the lowest-income households below 30 percent of median income. Since the federal government’s decision to stop building new subsidized housing in the 1980’s, the Section 8 program has become the primary federal strategy to address housing problems of the poorest Americans, including people with disabilities.

Impact of Block Grants on Housing and Disability Services in VA

According to the National Association of Housing and Redevelopment Officials (NAHRO), Public Housing Authorities (PHAs), though attracted to increased flexibility proposed for program implementation, do not support the Administration’s Flexible Voucher program due the significant loss of federal financial commitment, calling it the most “potentially damaging recommendation” contained in the FY 2005 budget proposal.

Likewise, disability advocates who generally view the Section 8 program as a “life line” for people with disabilities who want to live in non-segregated housing in their community, are also deeply opposed to the proposal. Critics from the disability community also say the new program would eliminate policies that currently target over 50,000 housing vouchers exclusively to people with disabilities (to avoid undue competition with the elderly poor). In addition to the \$1 billion funding cut, critics say that many of the proposed means for cutting costs could have a disparate impact on people with disabilities because PHAs will be required to:

- Target higher income households for vouchers,
- Raise tenant rents, and
- Work with people who can transition off assistance.

Decision Consideration

The Housing Work Group requests that the Commission support, review, and refine the attached draft letter to the Congressional Delegation expressing the Commission’s concerns regarding the elimination of Section 8 program and the many critical protections afforded to people with disabilities now under the Section 8 program. (See next page).

Draft Letter to Congressional Delegation for Disability Commission Review
June __, 2004

The Honorable _____
U.S. House of Representatives
Washington, DC _____

Dear Congressman _____:

As Chairman of the Disability Commission of the Virginia General Assembly, I am writing to express the Commission's deep concern regarding the potential impact of HUD's proposed Flexible Voucher program on people with disabilities. We urge you to consider the impact of any voucher reform measure on people with disabilities, and ask you to insist that the priority of their need be recognized and adequately funded.

The Disability Commission was created by in 1990 to serve as the primary forum where the needs of people with disabilities can be addressed through the collaboration of Virginia's General Assembly and Administration. In recent years, housing has risen to the top of issues brought before us, with inadequate availability of rent subsidy assistance being a primary concern. Most non-elderly people with severe disabilities have incomes that are far too low to afford adequate housing without the assistance provided through Housing Choice Vouchers. In Virginia, 24 percent of voucher holders are non-elderly people with disabilities. As you are aware, local waiting lists for voucher assistance are extremely long. It is not possible for states to carry out the U.S. Supreme Court's Olmstead mandate to fully integrate people with disabilities into their local communities without assistance from the federal government in providing adequate rental subsidies.

The Commission is particularly concerned about HUD's voucher reform proposal, which would put intense pressure on local and state program administrators to take the following types of cost-cutting steps that would especially hurt people with disabilities.

- Shifting the mix of incomes served to reduce the number of extremely low-income participants. A large share of people with severe disabilities has only limited employment income and relies mainly on Supplemental Security Income.
- Limiting rent. People with disabilities require accessible housing and/or other special accommodations. Many voucher administrators have had to expand the range of eligible rents in order for disabled participants to find adequate housing.
- Setting time limits on program participation. Many people with severe disabilities require long-term assistance in order to continue living independently.

Also, actions by HUD to curtail the administrative fees paid to program administrators is limiting their ability to provide the special outreach and assistance required by people with disabilities to participate in the program and locate adequate accessible housing.

We in state government understand how painful and challenging the job of containing costs in human service programs can be. Nonetheless, we urge you to ensure that the long-standing federal commitment to addressing the housing needs of our lowest income and most vulnerable populations is maintained.

Sincerely,

Timothy M. Kaine
Lieutenant Governor
Commonwealth of Virginia

Background information

Potential Impact on People with Disabilities of Federal Reform of the Housing Voucher Program

I. HUD Need: Substantial Reduction in Annual Subsidy Costs

<u>Means Proposed by HUD</u>	<u>Potential Impact on People with Disabilities</u>
1. Shift funding from a per-unit formula to a flat budget amount and tightly restrain future appropriations to modest inflationary increases	This will force PHAs to take actions to restrain the average per-unit subsidy cost of their program in order to maintain the number of people served. Over time, this could hurt people with disabilities for whom average assistance costs are higher.
2. Eliminate many federal requirements and specifically enable PHAs to take the following cost-cutting actions:	
<ul style="list-style-type: none"> ○ Shift mix of incomes served by eliminating targeting to people with extremely low incomes (<30% of AMI) and increasing service to people with income over 50% of AMI 	Large share of people with disabilities who lack access to community housing rely on SSI and have incomes < 30% of AMI. Any shift toward higher income groups will limit access to vouchers by people with disabilities.
<ul style="list-style-type: none"> ○ Reduce average program rents by eliminating payment standards above 100% of FMR or by using an alternative PHA-determined lower rent standard 	<p>HUD believes the program is allowing tenants to rent units more expensive than the "modest" housing for which the program was intended. However, in large urban areas, "modest" rental housing is primarily located in older neighborhoods with high concentrations of poverty and minority populations. Higher rent standards have been necessary to provide location choice to voucher holders and to enable the program to succeed in higher cost suburban areas. In Virginia's 2001 statewide housing forums, people with disabilities cited lack of choice outside deteriorating inner city neighborhoods as a major concern.</p> <p>In addition, people with disabilities have relied on higher rent standards in order to obtain units that are accessible and located proximate to the services on which they rely. Lower rent standards restrict housing choice and make obtaining adequate housing more difficult for people with disabilities.</p>

<ul style="list-style-type: none"> ○ Increase program turnover in order to serve more people with same amount of funds—achieve this by prioritizing self-sufficiency initiatives and/or setting time limits on program participation 	<p>Treating vouchers as transitional aid could hurt people with disabilities who are underemployed and dependent on long-term assistance. People with disabilities could be exempted from time limits and self-sufficiency requirements. However, doing so would constrain the ability of PHAs to assist other needy households.</p>
<p>3. Maintain program service by reducing PHA administrative funds</p>	<p>People with disabilities require greater outreach and assistance than do other populations. Significant reductions in PHA administrative fees will make outreach and assistance to people with disabilities substantially more difficult.</p>

II. HUD Need: Reduction in HUD Administrative Costs

<u>Means Proposed by HUD</u>	<u>Potential Impact on People with Disabilities</u>
<p>1. Convert program to a block grant model and minimize HUD oversight and policy setting</p>	<p>This would create much more flexibility for PHAs to address specific needs of people with disabilities in their communities. However, it will also result in substantial diversity among local programs, thereby making the program more difficult to monitor and track from a state perspective, and increase the difficulty in matching state-administered service funds with voucher assistance.</p>
<p>2. Eliminate funding for "boutique" voucher programs (e.g., Mainstream vouchers) and streamline overall administration for both HUD and PHAs</p>	<p>It is unlikely that the Mainstream program will receive further funding with or without adoption of the Flexible Voucher program. In the future, people with disabilities will be served through the regular voucher program by PHAs.</p>
<p>3. Substantially reduce the number of local administrative agents administering the program</p>	<p>HUD lacks the administrative capacity to oversee program management by over 1,200 local program administrators. In 2003, HUD's preferred solution to this problem—a state block grant—was overwhelmingly resisted by stakeholders. Therefore, HUD is addressing this issue indirectly in the current proposal through changes in administrative fees. Many PHAs are too small to economically administer the proposed Flexible Voucher program—a fact clearly recognized by HUD. Many smaller PHAs will be forced by program economics to merge or seek partnerships with other administrative entities. In the long-term, this may benefit people with disabilities. However, in the short-term, it will focus local PHA attention on organizational survival, which will limit their capacity or willingness to further address disability needs.</p>